

Annual Best Execution Disclosure 2018

BROWN ADVISORY LIMITED

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Regulated firms subject to the Markets in Financial Instruments Directive (“**MiFID**”) regulations are required, on an annual basis, to disclose a summary of their review and conclusions in relation to execution quality achieved in respect of relevant classes of financial instruments.

This document, in accordance with the information required by Regulatory Technical Standard (“**RTS**”) 28 of the MiFID requirements, summarises Brown Advisory Limited’s review of execution arrangements for the calendar year 2018.

Dealing Arrangements

Brown Advisory Limited (the “**Firm**”) does not directly execute trades in equities or bonds; rather, it transmits orders to other entities for execution. Unless the client has specified a counterparty with whom to execute trades, the Firm will usually place trades with its US affiliate, Brown Advisory LLC or, for private clients, with the preferred custodian, SEI Investments (Europe) Limited (who will transmit the order to the designated broker, Winterflood Business Services for execution). Exchange-traded products are executed in the same manner as equities.

The decision to use an affiliate as the Firm’s executing counterparty is based on the potential price advantages that can be obtained by aggregating the Firm’s orders with those of other clients of the Brown Advisory Group and the typically lower commission rates than could be achieved by the Firm through counterparties in the UK market. Brown Advisory LLC and the Firm share a common parent and are under common ownership.

The Firm does not execute transactions directly on venues and, consequently, this disclosure does not include an analysis relating to whether orders were passive or aggressive.

Consolidated Tape Provider (“CTP”)

This is not applicable, as there were no such CTPs available in Europe during the period to which this disclosure relates.

Execution Factors

Subject to any specific instructions given by clients, when placing orders on their behalf, the Firm will take all sufficient steps to obtain the best possible result for them by taking into account the following execution factors:

- Price;
- Costs;
- Speed;



- Likelihood of execution;
- Settlement;
- Order size and nature;
- Venue; and
- Any other relevant consideration(s).

In the majority of cases, the Firm would typically expect that the most significant factor to be taken into account will be the total consideration to be paid or received (specifically, the combination of price and cost). However, there will be occasions when other factors may be more important or relevant and, as discretionary managers, the Firm may use its judgement and experience to give greater prominence to other execution factors other than price and costs. Please see below for additional information on the consideration of execution factors for specific asset classes.

Client Categorisation

In arranging execution of orders on behalf of clients, the Firm will treat all client types the same – whether retail or professional. Typically institutional clients are managed using the Brown Advisory Group infrastructure.

Oversight

During the period, the Brown Advisory Best Execution Committee maintained oversight of the trading activities of Brown Advisory LLC. Quality of execution was considered in the context of independent, third party transaction cost analysis generated in respect of orders placed by the Firm. Where orders are transmitted to SEI Investments (Europe) Limited, the designated broker, Winterflood Business Services, provides execution reports on a monthly basis, assessing quality of execution. The data is reviewed by the Compliance function and relevant business and operational functions.

The Firm has assessed RTS 27 data from a sample of venues against a sample of executed trades in order to assess the prices achieved against the prices generally available at the time of execution.



Top Five Venues or Counterparties

Whilst RTS 28 requires firms to disclose their top five venues or counterparties in respect of each relevant asset class, Brown Advisory Limited has placed relevant trades with no more than four counterparties, as is reflected in the information provided below. As set out above, we believe that this has allowed us to obtain the best possible outcomes for our clients.

Execution Data – Retail Clients

The following information relates to transactions undertaken for retail clients in the following asset classes during the period 1st January 2018 to 31st December 2018:

- Equities (shares and depositary receipts)
- Debt instruments – bonds
- Debt instruments - money market instruments
- Exchange traded products (exchange traded funds, exchange traded notes and exchange traded commodities)

No other asset classes were traded during the period.

Equities (shares and depositary receipts):

Tick size liquidity bands 1 and 2 (from 0 to 79 trades per day)

Class of Instrument Notification if <1 average trade per business day in the previous year	Equities (shares and depositary receipts)				
	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders (i.e. client has directed counterparty to be used)
Brown Advisory LLC 549300KMFGGW36179D06	51%	60%	N/A	N/A	N/A
SEI Investments (Europe) Ltd 549300C2C8510ACFWP58	49%	40%	N/A	N/A	N/A



Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)

Class of Instrument	Equities (shares and depositary receipts)				
Notification if <1 average trade per business day in the previous year	N				
Top five execution venues (counterparties) ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders (i.e. client has directed counterparty to be used)
SEI Investments (Europe) Ltd 549300C2C8510ACFWP58	55%	57%	N/A	N/A	N/A
Brown Advisory LLC 549300KMFGGW36I79D06	44%	40%	N/A	N/A	N/A
Schroder & Co Bank AG 1N66B6IZ3PPGHI6ZZQ73	1%	1%	N/A	N/A	100%
Reyker Securities PLC 213800TWIOR1UEZ6WP12	0%	2%	N/A	N/A	N/A

Tick size liquidity bands 5 and 6 (from 2000 trades per day)

Class of Instrument	Equities (shares and depositary receipts)				
Notification if <1 average trade per business day in the previous year	N				
Top five execution venues (counterparties) ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders (i.e. client has directed counterparty to be used)
Brown Advisory LLC 549300KMFGGW36I79D06	68%	62%	N/A	N/A	N/A
SEI Investments (Europe) Ltd 549300C2C8510ACFWP58	32%	38%	N/A	N/A	N/A



No tick size liquidity band

Class of Instrument	Equities (shares and depository receipts)				
Notification if <1 average trade per business day in the previous year	N				
Top five execution venues (counterparties) ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders (i.e. client has directed counterparty to be used)
Brown Advisory LLC 549300KMFGGW36179D06	70%	61%	N/A	N/A	N/A
SEI Investments (Europe) Ltd 549300C2C8510ACFWP58	30%	36%	N/A	N/A	N/A
Reyker Securities PLC 213800TWIOR1UEZ6WP12	0%	3%	N/A	N/A	N/A

Relative importance of execution factors:

Where the equity has a high level of liquidity (bands 5 and 6 in particular), the most important execution factors will be price, costs and the size and nature of the order. For equities with lower liquidity, speed and likelihood of execution will also be considered to be of higher importance (though price and cost will still be the most important factors in such a scenario).



Debt instruments

Class of Instrument	Debt instruments – bonds				
Notification if <1 average trade per business day in the previous year	N				
Top five execution venues (counterparties) ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders (i.e. client has directed counterparty to be used)
Brown Advisory LLC 549300KMFGGW36I79D06	81%	69%	N/A	N/A	N/A
SEI Investments (Europe) Ltd 549300C2C8510ACFWP58	16%	29%	N/A	N/A	N/A
Lombard Odier (Singapore) Ltd 5493008V7RCLD02Z2B97	2%	2%	N/A	N/A	100%
SG Kleinwort Hambros Bank (CI) Limited 5493004824NEPVMYXT49	1%	0%	N/A	N/A	100%

Relative importance of execution factors:

When placing orders for bonds, the Firm will typically give greater prominence to the execution factors of price, cost, the size and nature of the order and likelihood of execution. Because liquidity in bond markets can be an issue, in some instances, likelihood of execution may be deemed the most important execution factor. In other circumstances, price will be the primary factor.



Class of Instrument	Debt instruments – money market instruments				
Notification if <1 average trade per business day in the previous year	Y				
Top five execution venues (counterparties) ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders (i.e. client has directed counterparty to be used)
Brown Advisory LLC 549300KMFGGW36179D06	100%	100%	N/A	N/A	N/A

Relative importance of execution factors:

When placing orders for money market instruments, the Firm will typically give greater prominence to the execution factors of price, the size and nature of the order and likelihood of execution. Because liquidity in debt markets can be an issue, in some instances, likelihood of execution may be deemed the most important execution factor. In other circumstances, price will be the primary factor.



Exchange traded products

Class of Instrument	Exchange traded products (exchange traded funds, exchange traded notes and exchange traded commodities)				
Notification if <1 average trade per business day in the previous year	N				
Top five execution venues (counterparties) ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders (i.e. client has directed counterparty to be used)
Brown Advisory LLC 549300KMFGGW36I79D06	65.45%	55.06%	N/A	N/A	N/A
SEI Investments (Europe) Ltd 549300C2C8510ACFWP58	30.29%	31.38%	N/A	N/A	N/A
Reyker Securities Plc 213800TWIOR1UEZ6WP12	3.18%	12.96%	N/A	N/A	N/A
Lombard Odier (Singapore) Ltd 5493008V7RCLD02Z2B97	1.08%	0.61%	N/A	N/A	100%

Relative importance of execution factors:

The most important execution factors are always price, costs and the size and nature of the order.



Execution Data – Professional Clients

The following information relates to transactions undertaken for professional clients in the following asset classes during the period 1st January 2018 to 31st December 2018:

- Equities (shares and depositary receipts)
- Debt instruments – bonds
- Exchange traded products (exchange traded funds, exchange traded notes and exchange traded commodities)

No other asset classes were traded during the period.

Tick size liquidity bands 1 and 2 (from 0 to 79 trades per day)

Class of Instrument	Equities (shares and depositary receipts)				
Notification if <1 average trade per business day in the previous year	N				
Top five execution venues (counterparties) ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders (i.e. client has directed counterparty to be used)
Brown Advisory LLC 549300KMFGGW36I79D06	100%	100%	N/A	N/A	N/A

Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)

Class of Instrument	Equities (shares and depositary receipts)				
Notification if <1 average trade per business day in the previous year	N				
Top five execution venues (counterparties) ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders (i.e. client has directed counterparty to be used)
Brown Advisory LLC 549300KMFGGW36I79D06	100%	100%	N/A	N/A	N/A



Tick size liquidity bands 5 and 6 (from 2000 trades per day)

Class of Instrument	Equities (shares and depositary receipts)				
Notification if <1 average trade per business day in the previous year	N				
Top five execution venues (counterparties) ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders (i.e. client has directed counterparty to be used)
Brown Advisory LLC 549300KMFGGW36179D06	100%	100%	N/A	N/A	N/A

Relative importance of execution factors:

Where the equity has a high level of liquidity (liquidity (bands 5 and 6 in particular), the most important execution factors will be price, costs and the size and nature of the order. For equities with lower liquidity, speed and likelihood of execution will be considered to be of higher importance.



Debt instruments

Class of Instrument	Debt instruments – bonds				
Notification if <1 average trade per business day in the previous year	Y				
Top five execution venues (counterparties) ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders (i.e. client has directed counterparty to be used)
Brown Advisory LLC 549300KMFGGW36179D06	100%	100%	N/A	N/A	0%

Relative importance of execution factors:

When placing orders for bonds, the Firm will typically give greater prominence to the execution factors of price, cost, the size and nature of the order and likelihood of execution. Because liquidity in bond markets can be an issue, in some instances, likelihood of execution may be deemed the most important execution factor. In other circumstances, price will be the primary factor.

Exchange traded products

Class of Instrument	Exchange traded products (exchange traded funds, exchange traded notes and exchange traded commodities)				
Notification if <1 average trade per business day in the previous year	Y				
Top five execution venues (counterparties) ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders (i.e. client has directed counterparty to be used)
Brown Advisory LLC 549300KMFGGW36179D06	100%	100%	N/A	N/A	0%

Relative importance of execution factors:

The most important execution factors will always be price, costs and the size and nature of the order.